

September X, 2008

Dear Mr. Bell:

We would like to bring three issues to your attention regarding a September 2 article published by your news service and written by Andrew Beatty, entitled "Strike slows shipping at two Panama Canal ports."

We have contacted Mr. Beatty with regard to these errors and he was receptive to our concerns. He assured us that he would try to make the appropriate corrections.

Foremost, the article states that "crane operators at two major Panama Canal ports went on strike on Tuesday to push for better pay and conditions, slowing shipping through the waterway." The reality is that the ports – which are located at either end of the waterway – are of no relation to the Canal, nor are they managed by the Panama Canal Authority (ACP). Therefore, they should not be identified as 'Panama Canal ports.'

Secondly, the story claims that the strike is slowing traffic through the Canal. This is not true. Based on the ACP's current operations record, there is no backlog.

Lastly, we would encourage your correspondents to take the time to fact-check and touch base with the ACP when covering a Panama Canal-related story. Reuters correspondents have access to numerous contacts that work for and on behalf of the ACP, and, as such, checking information prior to publication on the wire would be appreciated.

Please do not hesitate if you have any questions. We look forward to working with Mr. Beatty and your team in the future.

Sincerely,

Teresa Arosemena
International Communications
Panama Canal Authority

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Port and canal prime maritime partners

BY ALBERTO ALEMÁN ZUBIETA AND H. THOMAS KORNEGAY
SPECIAL TO HOUSTON BUSINESS JOURNAL

Nations in today's world have become inextricably linked.

Many of us drove to work this morning in cars built with Asian-manufactured parts. Or perhaps we snacked on fruit or nuts during lunch – imported from South America. But before reaching the assembly lines and kitchen tables, these goods are often shipped via the Panama Canal and destined for a major transportation and logistics hub like Houston.

Certainly, the relationship between the Panama Canal Authority, or ACP, and the Port of Houston Authority, or PHA, is one example of how globalization and the subsequent booming trade have forged closer links across markets.

Recently, through a renewed Memorandum of Understanding, both of our entities agreed to strengthen ties to ensure that Houston remains one of the hemisphere's most important trade centers and that the city benefits from the cargo traffic boon throughout North America.

In 1956, the PHA unloaded the world's first container ship. Today, containerized cargo volume represents more than 90 percent of the "All-Water Route" extending from Asia to the U.S. East and Gulf Coasts via the Panama Canal.

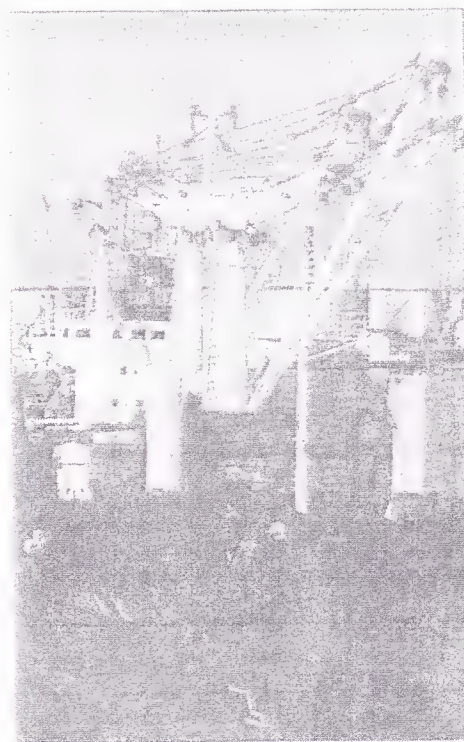
We see synergy in our common vision to further enhance this trade route, and the fact that container traffic is expected to triple over the next 20 years is good news for both the PHA and the ACP.

The economic impact of this strategic partnership cannot be overstated. More than 60 percent of Panama Canal traffic originates from or is destined for the United States, and last year, the Port of Houston imported and exported more than 6.9 million tons or 17 percent of its total cargo (excluding petroleum activity) on the Panama Canal.

The port generates approximately 10,000 direct and indirect jobs through

out Texas, and is now reaffirming ties with one of its key maritime partners – the Panama Canal.

To meet the existing and projected demand of international trade, the waterway is undergoing a historic \$5.25 billion expansion. This project will build a new lane of traffic along the Panama Canal through the construction of a new set of



locks, which will double capacity and allow the passage of longer, wider ships.

Currently, a limited number of U.S. ports can handle these larger vessels, and as the ACP aggressively prepares for an expanded waterway, ports along the East and Gulf Coasts, such as Houston, should be ready to handle increased traffic and tonnage.

As such, communities must continue to invest in their port facilities and pertinent modernization projects to ensure

that they capture the traffic and secure the much-needed growth that will generate jobs and more business for the ports and their respective cities.

In 2006, Panamanian citizens voted overwhelmingly for the expansion of the Panama Canal and for the waterway's competitive sustainability. The people of Texas, too, have a responsibility to make sound decisions to support the continued investments needed to upgrade port infrastructure and meet future demand.

Supporting port developments results in better and healthier competition across markets; healthier competition, in turn, results in better prices and more readily accessible products.

The Panama Canal and the Houston Ship Channel both opened their doors to the world in 1914. Today, more than 957,000 vessels have transited the Canal, and the Port of Houston ranks as the seventh-largest container port in the United States and second in overall tonnage.

Undoubtedly, the partnership between the PHA and the ACP will continue to help the city capitalize on its bustling trade industry. However, investments in port infrastructure must be made to ensure that Houston continues on the road to providing even more jobs, benefits and opportunities to its people. ■

ALBERTO ALEMÁN ZUBIETA is administrator/CEO of the Panama Canal Authority. H. THOMAS KORNEGAY is executive director of the Port of Houston Authority.

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When Opportunity Knocks: Preparing Houston for an Expanded Panama Canal

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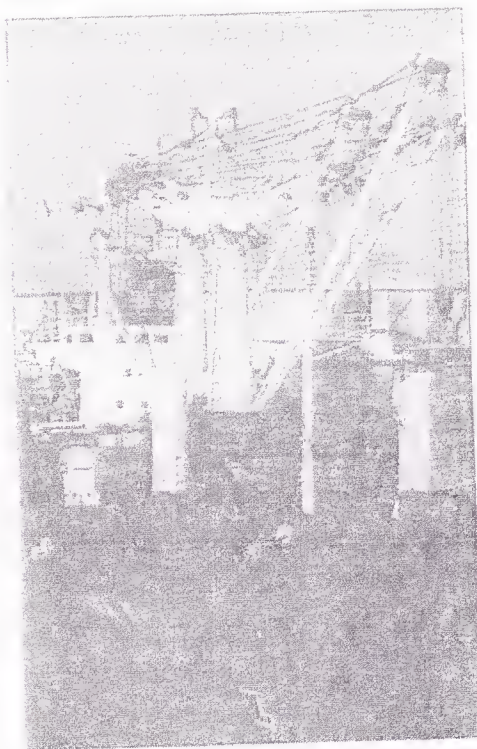
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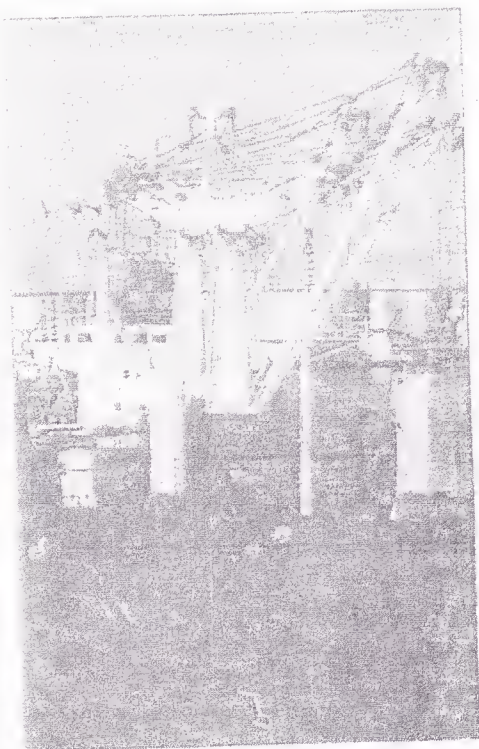
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CONTACTS: Teresa Arosemena
(Panama) +507.272.1873
Emily Schoenfelder (U.S.) 202.326.1832

IMAGE OF THE MONTH: NASA ASTRONAUT PRESENTS SPACE- FLOWN FLAG TO PANAMA CANAL AUTHORITY

ACP WELCOMES AWARD-WINNING ASTRONAUT AND DESCENDANT TO CANAL LEGACY



NASA Astronaut Dr. Scott Parazynski tours the Panama Canal in honor of his ancestor and Canal founding father, Colonel David DuBose Gaillard.

PANAMA CITY, Panama, October 2, 2008 – NASA Astronaut Dr. Scott Parazynski presented the Panama Canal Authority (ACP) with a Panama flag and collection of photos in honor of his ancestor, Colonel David DuBose Gaillard, and Gaillard's contribution to the original construction of the Panama Canal. In an official ceremony at the Miraflores Locks with Panamanian Environment Minister Ligia Castro de Doens and U.S. Ambassador to Panama Barbara Stephenson, Dr. Parazynski presented the items – which were flown into space during his most recent mission – to ACP Administrator/CEO Alberto Alemán Zubieta for showcase at the Miraflores Visitors Center.

In the early part of the twentieth century, acclaimed member of the U.S. Army Corps of Engineers Colonel Gaillard was charged with the monumental task of cutting through the Continental Divide in Panama. The treacherous nine-mile strip of mountainous terrain, now known as the Culebra Cut, was later renamed Gaillard Cut in honor of Colonel Gaillard who died in 1913 before the

Canal project was completed. Descendant to Colonel Gaillard, Dr. Parazynski took a VIP tour of the Canal with Mr. Alemán Zubieta and commented upon the similarities between space and oceanic advancement in that both require highly skilled experts committed to excellence.

"Like any large undertaking, the Panama Canal for example, with so many dedicated, educated, hard-working people, you have to divide and conquer. Not any one person can know everything or do everything," said Dr. Parazynski. "These are very critical operations. Huge tankers coming through with very little margin for error and I know that the people here are very professional and take this responsibility very seriously. So the space department is very similar to the Canal."

A veteran of five space shuttle flights, Dr. Parazynski has logged 1,381 flight hours in a variety of aircrafts and is the recipient of many prestigious awards including the NASA Exceptional Service Medal, NASA Space Flight Medals and the NASA Distinguished Service Medal. Most recently, Dr. Parazynski received a NASA Space Flight Medal in 2007 for performing an unprecedented spacewalk to repair a space station solar array damaged during the STS-120 Discovery space mission.

About the Panama Canal Authority (ACP)

The ACP is the autonomous agency of the Government of Panama in charge of managing, operating and maintaining the Panama Canal. The operation of the ACP is based on its organic law and the regulations approved by its Board of Directors. For more information, please refer to the ACP's Web site: www.pancanal.com.

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Press Release

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FOR IMMEDIATE RELEASE

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IDB BOARD APPROVES \$400 MILLION LOAN OFFER TO HELP FINANCE THE PANAMA CANAL EXPANSION PROGRAM

***REINFORCES CONFIDENCE IN THE REPUBLIC OF PANAMA'S ECONOMIC
PERFORMANCE AND THE COMPETITIVENESS OF THE CANAL***

ACP WILL MAKE A DECISION ON THE OFFER

PANAMA CITY, Panama, October 10, 2008 – In what is considered excellent news in the midst of global financial uncertainty and a sign of confidence in the economic achievements of the Government of Panama and the management of the Panama Canal, the Inter-American Development Bank's (IDB) board of directors approved a \$400 million loan offer to help finance the historic Panama Canal Expansion Program.

"We are very pleased with the decision of the IDB board to offer financing for the Panama Canal Expansion Program. This signifies that Panama and the Canal are on the right track. As a country, we have laid the foundation that helps to make expansion possible. This also reinforces the Bank's trust and confidence in the Panama Canal Authority," said Panama Canal Authority (ACP) Administrator/CEO Alberto Alemán Zubieta.

Expansion will build a new lane of traffic along the Panama Canal through the construction of a new set of locks, which will double capacity and allow more traffic and longer, wider ships.

Two weeks ago in Washington, IDB President Luis Alberto Moreno emphasized that Panama has achieved impressive economic growth and performance. This has made it possible for the country to undertake the historic expansion of the Canal. Moreno also highlighted the sound financial management and technical quality of the Panama Canal Expansion Program, which has helped the IDB in considering financing the said project.

Recently, the ACP received its first-ever investment grade rating. Moody's Investors Services, one of the world's top credit rating agencies, gave the ACP an A1 as a government-related issuer, and a prospective A2 investment grade for the possible \$2.3 billion financing for the expansion project – thus reaffirming Panama's growing presence in the global marketplace.

Since July 2007, the ACP has been approaching financial institutions to determine the most viable financing for the waterway's Expansion Program. The process began in Panama and continued with presentations to a number of financial institutions in New York, Washington, Hong Kong and London.

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The New Panama Canal: A Better Way To Go

MEDIA ADVISORY

FOR IMMEDIATE RELEASE
October 13, 2008

PANAMA CANAL AUTHORITY CEO TO MAKE ANNOUNCEMENT ON THE FINANCING OF THE EXPANSION PROGRAM

TELECONFERENCE CALL

3:30 PM (EDT)/2:30 PM (PANAMA TIME/CDT), TUESDAY, OCTOBER 14, 2008

Who: Panama Canal Authority (ACP) Administrator/CEO Alberto Alemán Zubieta

What: Panama Canal expansion announcement

ACP Administrator/CEO Alberto Alemán Zubieta will make an announcement on the financing of the Canal's Expansion Program.

Where: Teleconference call

- International Dial-in Number: 785.424.1117
- U.S. Dial-in Number: 1.800. 901.5385
- Conference ID: 7Panama

When: Tuesday, October 14, 2008
3:30 p.m. (EDT)/2:30 p.m. (Panama Time/CDT)

Contacts: Tamika Hawkins, 202.350.6648, tamika.hawkins@edelman.com
Carlos Correcha, 202.772.3565, carlos.correcha@edelman.com

Please RSVP by noon Tuesday, October 14

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PRESIDENT TORRIJOS OF PANAMA ANNOUNCES FINANCING STRUCTURE FOR CANAL EXPANSION PROGRAM

\$2.3 BILLION TO BE FINANCED BY MULTILATERAL AGENCIES

*FIRM SUPPORT SIGNIFIES TRUST AND CONFIDENCE IN THE MANAGEMENT OF
THE CANAL AND THE STRENGTH OF THE PANAMANIAN ECONOMY*

PANAMA CITY, Panama, October 15, 2008 – In what is considered to be a significant development for the Panama Canal, the country of Panama and the Latin American region, Panamanian President Martín Torrijos announced yesterday the final financing structure for the historic Panama Canal Expansion Program. At a time of global financial and economic uncertainty, this financial package reinforces Panama's economic growth and political stability, including the strong financial position and management of the Panama Canal.

Five major multilateral agencies from Europe, Asia and Latin America have offered to finance the Canal expansion project, and the Panama Canal Authority (ACP), after months of extensive negotiations, has accepted the banks' offers.

The \$2.3 billion financing package will cover a portion of the \$5.25 billion total cost of the project and will be allocated as follows:

ACP Expansion Program Financing Structure	
Multilateral Agencies	Amount
European Investment Bank (EIB)	\$ 500 million
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(Note: Amounts listed in U.S. dollars.)

The negotiated financing structure includes favorable provisions for the ACP including a 20-year amortizing period with a 10-year grace period.

-more-



In ceremonies at the Palacio de las Garzas, Panamanian President Martín Torrijos said: "The history of the Canal has been marked by different milestones. We, as Panamanians, thought that expanding the Canal was imperative. Today, this is a reality. The ACP has approved the financing for the Expansion Program and it has the resources it needs. The Canal is again a matter of pride for all of us, it is the object of immense satisfaction for the entire nation – that in the midst of global uncertainty, multilateral agencies have reinforced their confidence in Panama. This is the voice of the international community expressing solid support for a Panamanian project that will serve world commerce and international trade."

"Today's announcement is very significant both for the Panama Canal and the Republic of Panama – at a time of global financial uncertainty, five major multilateral agencies from different regions of the world have committed to finance the largest infrastructure project in Latin America. This signifies complete trust and confidence in the solid financials and management of the ACP and the strength of the Panamanian economy," said ACP Administrator/CEO Alberto Alemán Zubieta. "We, at the Canal, have thoroughly analyzed all our options and are confident that this package will provide the financial backing the ACP needs for the Expansion Program," added Mr. Alemán Zubieta.

Considering the over-all competitiveness of the Panama Canal route, the remaining amount for the project will be financed through Canal-generated cash flow.

Since July 2007, the ACP has been approaching financial institutions to determine the most viable financing for the waterway's Expansion Program. The process began in Panama and continued with presentations to a number of financial institutions in New York, Washington, Hong Kong and London.

Recently, the ACP received its first-ever prospective investment grade rating. Moody's Investors Services, one of the world's top credit rating agencies, gave the ACP an A1 as a government-related issuer, and a prospective A2 investment grade for the possible \$2.3 billion financing for the expansion project – thus reaffirming Panama's growing presence in the global marketplace.

Since the handover of the Canal from the United States to Panama on December 31, 1999, the ACP has shifted its operations from a not-for-profit utility to a market-oriented business model – one that is focused on customer service and reliability. Under ACP management, there has been a significant reduction in the time it takes to transit the Canal, an increase in tonnage transiting the waterway and a spike in transits of Panamax-size vessels.

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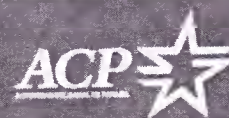
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PANAMA CANAL BOARD OF DIRECTORS MEETS WITH ADVISORY BOARD

ACP ADVISORY BOARD BRIEFED ON EXPANSION PROGRESS AND CANAL OPERATIONAL DEVELOPMENTS DURING 16th MEETING

PANAMA CITY, Panama, October 21, 2008 – The Panama Canal Authority (ACP) Board of Directors and Advisory Board convened in Panama this week to discuss Canal Expansion Program progress, operational developments at the waterway, and other industry issues and trends.

The sixteenth Board meeting kicked off Monday with opening remarks by ACP Board of Directors Chairman and Minister for Canal Affairs Dani Kuzniecky.

ACP Administrator/CEO Alberto Alemán Zubieta briefed both Boards on the fiscal year 2008 (October 2007-September 2008) operational results, highlighting the Canal's record \$2 billion earnings.

"The Canal Expansion Program is moving ahead as planned – on time and on budget and we feel very confident in the strides that we have made in the past weeks to ensure its successful execution," said Mr. Kuzniecky. "With the financing structure in place, we can now shift our attention to other critical areas of the project; we will continue to look to the Advisory Board for their sound judgment and expert advice as the program moves forward."

During the two-day meeting, the Boards evaluated the advancement of the Canal's expansion, including the project's recently announced \$2.3 billion financing structure approved by the Cabinet Council and the ACP Board of Directors.

The Advisory Board meets twice a year with the Board of Directors to keep the ACP abreast of maritime industry developments and related activities at the international level. The ACP established the Advisory Board to serve as a consultative body for the Canal enterprise to provide guidance and recommendations to the Board of Directors and the Canal administration.

The following Advisory Board members attended the sixteenth meeting:

- William O'Neil, former Secretary-General of the International Maritime Organization (IMO)
- Gerhard Kurz, former President of Seabulk International, Inc. and Mobil Shipping
- Flemming R. Jacobs, former President and Chief Executive Officer of Neptune Orient Lines Ltd. Group and maritime consultant based in London

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- Albert H. Nahmad, President of the Board of Directors and CEO of Watsco, Inc.
- Tommy Thomsen, President/CEO of Clipper Wonsild Tankers
- Salvador Jurado, President of Building Components Group
- C. C. Tung, Chairman and CEO of Orient Overseas (International) Ltd. (OOIL)
- Andrónico Luksic Craig, vicepresident of Banco de Chile
- Stephan Schmidheiny, President of AVINA Foundation
- Philip Embiricos, Director of Embiricos Shipbrokers, member of the BIMCO executive committee and former Intertanko director
- Joe R. Reeder, partner of Greenberg Traurig LLP (attorneys at law) and former Panama Canal Commission Board Chairman
- Admiral William J. Flanagan, US Navy (Ret), previous Commander In Chief, U.S. Atlantic Fleet and NATO's Commander In Chief, Western Atlantic, and President of Skarven Enterprises Inc.
- Dr. Ernst G. Frankel, professor emeritus of Oceanic Systems and Administration for Massachusetts Institute of Technology (MIT).
- Dr. Aaron Gellman, Administration and Strategy professor for the Transportation Center for Northwestern University.
- Mikio Sasaki, president of the Board of Directors of Mitsubishi Corporation.
- Capitán Wei Jiafu, president of the Group/CEO of China Ocean Shipping Company (COSCO).
- Koji Miyahara, president of Nippon Yusen Kabushiki Kaisha (NYK Line).
- L. Francis Rooney III, president of Rooney Holdings.

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FOR IMMEDIATE RELEASE

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PANAMA CANAL BOARD OF DIRECTORS MEETS WITH ADVISORY BOARD

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ACP ADVISORY BOARD BRIEFED ON EXPANSION PROGRESS AND CANAL OPERATIONAL DEVELOPMENTS DURING 16th MEETING

PANAMA CITY, Panama, October 21, 2008 – The Panama Canal Authority (ACP) Board of Directors and Advisory Board convened in Panama this week to discuss Canal Expansion Program progress, operational developments at the waterway, and other industry issues and trends.

The sixteenth Board meeting kicked off Monday with opening remarks by ACP Board of Directors Chairman and Minister for Canal Affairs Dani Kuzniecky.

ACP Administrator/CEO Alberto Alemán Zubieta briefed both Boards on the fiscal year 2008 (October 2007-September 2008) operational results, highlighting the Canal's record \$2 billion earnings.

"The Canal Expansion Program is moving ahead as planned – on time and on budget and we feel very confident in the strides that we have made in the past weeks to ensure its successful execution," said Mr. Kuzniecky. "With the financing structure in place, we can now shift our attention to other critical areas of the project; we will continue to look to the Advisory Board for their sound judgment and expert advice as the program moves forward."

During the two-day meeting, the Boards evaluated the advancement of the Canal's expansion, including the project's recently announced \$2.3 billion financing structure approved by the Cabinet Council and the ACP Board of Directors.

The Advisory Board meets twice a year with the Board of Directors to keep the ACP abreast of maritime industry developments and related activities at the international level. The ACP established the Advisory Board to serve as a consultative body for the Canal enterprise to provide guidance and recommendations to the Board of Directors and the Canal administration.

The following Advisory Board members attended the sixteenth meeting:

- William O'Neil, former Secretary-General of the International Maritime Organization (IMO)
- Gerhard Kurz, former President of Seabulk International, Inc. and Mobil Shipping
- Flemming R. Jacobs, former President and Chief Executive Officer of Neptune Orient Lines Ltd. Group and maritime consultant based in London

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- Albert H. Nahmad, President of the Board of Directors and CEO of Watsco, Inc.
- Tommy Thomsen, President/CEO of Clipper Wonsild Tankers
- Salvador Jurado, President of Building Components Group
- C. C. Tung, Chairman and CEO of Orient Overseas (International) Ltd. (OOIL)
- Andronico Luksic Craig, vicepresident of Banco de Chile
- Stephan Schmidheiny, President of AVINA Foundation
- Philip Embiricos, Director of Embiricos Shipbrokers, member of the BIMCO executive committee and former Intertanko director
- Joe R. Reeder, partner of Greenberg Traurig LLP (attorneys at law) and former Panama Canal Commission Board Chairman
- Admiral William J. Flanagan, US Navy (Ret), previous Commander In Chief, U.S. Atlantic Fleet and NATO's Commander In Chief, Western Atlantic, and President of Skarven Enterprises Inc.
- Dr. Ernst G. Frankel, professor emeritus of Oceanic Systems and Administration for Massachusetts Institute of Technology (MIT).
- Dr. Aaron Gellman, Administration and Strategy professor for the Transportation Center for Northwestern University.
- Mikio Sasaki, president of the Board of Directors of Mitsubishi Corporation.
- Capitán Wei Jiafu, president of the Group/CEO of China Ocean Shipping Company (COSCO).
- Koji Miyahara, president of Nippon Yusen Kabushiki Kaisha (NYK Line).
- L. Francis Rooney III, president of Rooney Holdings.

About the Panama Canal Authority (ACP)

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EXPANSION ANNOUNCEMENT

PANAMA CITY, Panama, October 23, 2008 – The Panama Canal Authority (ACP) has extended the submission date for the proposals to build the new set of locks. The four consortia vying for the contract will now have until March 3, 2009 to submit their bids for what will be the largest and most important project under the \$5.25 billion expansion program.

The ACP received requests to extend the bid submission due date and, with the success of the Expansion Program in mind, has agreed to extend it to March 3, 2009. The additional time given to the consortia will result in more fully developed bids on both the technical and price proposals, ultimately benefitting the project.

The expansion process continues to be on track and moving along as planned.

Expansion will build a new lane of traffic along the Panama Canal through the construction of a new set of locks that will double capacity and allow more traffic and longer, wider ships.

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PANAMA CANAL AUTHORITY ANNOUNCES FISCAL YEAR 2008 METRICS

TANKER AND PASSENGER TRANSITS UP

TOTAL TRANSITS AND TONNAGE REMAIN CONSTANT

PANAMA CITY, Panama, October 24, 2008 – The Panama Canal Authority (ACP) announced its operational metrics for the 2008 fiscal year (FY 08) today. Year-end (October 2007 – September 2008) statistics reveal a marginal decline in total transits and tonnage when compared to FY 07. However, the Canal also experienced growth in core segments, most notably tanker and passenger transits.

Total Canal transits remained fairly constant, with a slight decline of 0.1 percent – from 14,721 to 14,702 transits. Booked transits (excluding auctioned slots) increased 3.9 percent – from 7,857 to 8,167 transits. Panama Canal/Universal Measurement System (PC/UMS) tonnage decreased 1.1 percent – from 312.9 million PC/UMS tons to 309.6 million PC/UMS tons.

Tanker traffic jumped this year by 4.8 percent – from 1,972 to 2,067 transits, mainly as a result of stronger movements of petroleum from the U.S. Gulf coast to Chile for electricity generation as natural gas supplies coming from Argentina were suspended. Tanker tonnage also increased 8.6 percent. The Canal also saw an increase in passenger vessel transits – up 17.6 percent from 205 to 241 transits due to higher frequencies of smaller cruise ships. Transits by drybulkers were slightly up from 2,406 to 2,420 transits. While on the other hand, container transits dropped from 3,622 to 3,544 in FY 08.

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“As evidenced by these fiscal year metrics, the Panama Canal remains on sound operational footing, providing the safe, reliable and efficient service our customers have come to know and expect. Though a slowing United States economy has slightly reduced cargo shipments traveling

to and from U.S. ports via the waterway, the Canal actually experienced some growth this fiscal year among key segments,” said Executive Vice President of Operations Manuel Benítez. “These metrics are a crucial medium by which we can analyze the effects of global industry trends and gauge our performance – determining both places for improvement and areas of success.”

Canal Waters Time (CWT), the average time it takes a vessel to navigate the Canal including waiting time, increased 13.3 percent. The surge in arrivals during maintenance performed on the Pedro Miguel and Miraflores locks augmented CWT during the second quarter of FY 08. This increase influenced the year-end total –from 27.84 to 31.55 hours. For booked vessels (those ships holding reservations), CWT rose 8.3 percent – from 17.09 in FY 07 to 18.52 hours this year.

Booked vessels account for more than 60 percent of oceangoing transits, and utilization of the booking system in FY 08 dropped to 92.73 percent from 94.98 percent in FY 07. In response to the customers’ request for additional booking slots, in February the ACP increased the number of booking slots available on a daily basis from 25 to 27.

The official accident rate rose from 0.68 accidents per 1,000 transits in FY 07 to 1.09 accidents per 1,000 transits this fiscal year although total incidents dropped from 119 in FY 07 to 84 in FY 08. An official accident is one in which a formal investigation is requested and conducted.

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